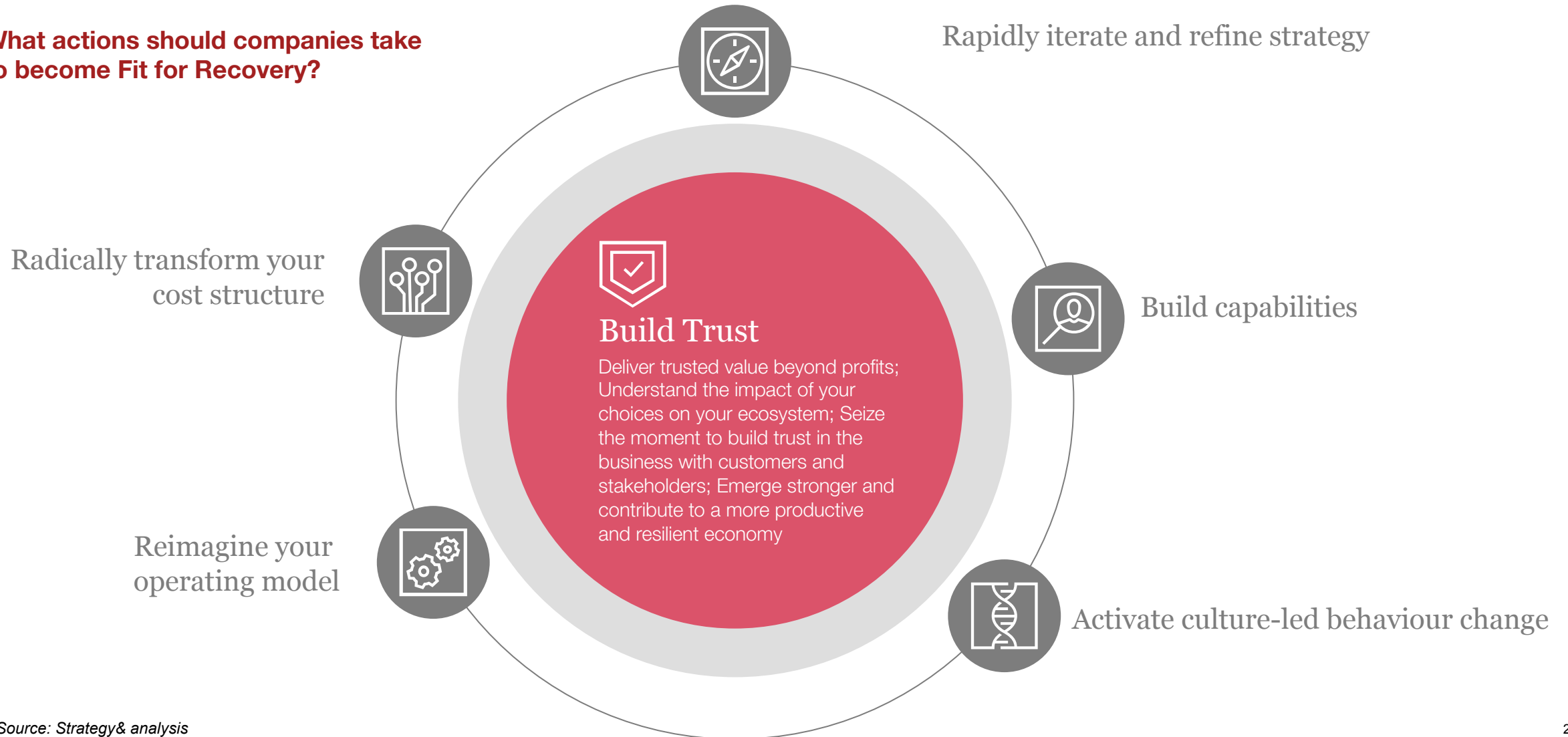


Build Trust

June 2020

Becoming *Fit for Recovery* will require organisations to build trust in response to COVID-19

What actions should companies take to become *Fit for Recovery*?

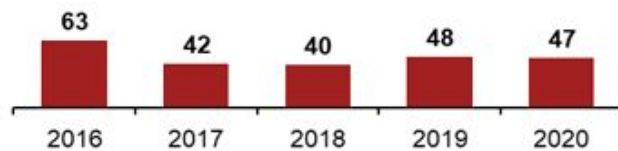


Australia's trust in institutions has deteriorated, with business being asked to do more by employees and regulators

Trust Trends in 2020

1
Deteriorating trust in institutions

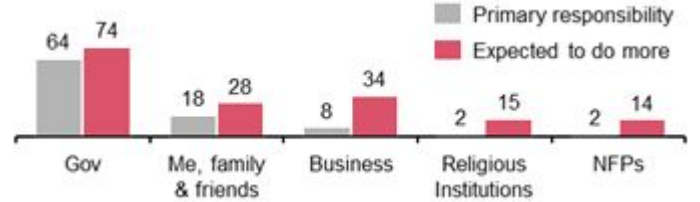
Australian Average Trust in Institutions¹



There has been a pronounced decline in trust in Western countries, with Australia no exception. On a global scale, no institutional group (Business, NGOs, Media & Government) is considered both ethical and competent.

3
A clear mandate for business to do more on Social Issues

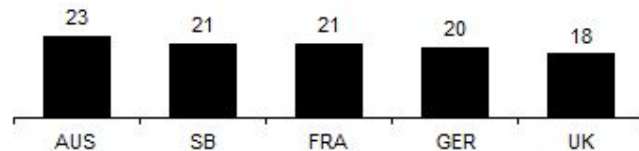
Expectations of Institutions on Social Issues²



While Australian workers see government as primarily responsible for social issues, there is a disproportionately high expectation of businesses to do more

2
Australia had the highest trust inequality globally in 2020

Trust Gap by Country^{1^}



The gap in trust between Australia's informed public and mass population was 23 points in 2020, an increase of 10 points on the prior year and the highest ever recorded by the country

4
Reporting requirements extend beyond the bottom line

ASX Corporate Governance Council's guidelines in 2020 included recommendations that corporates report on culture, conduct and behaviour and non-financial risks (e.g. ESG risks) including how the integrity has been verified.

This is consistent with our observations that businesses are increasingly expected to be transparent on and take responsibility for issues beyond profit

Organisations have an unprecedented opportunity to build trust with employees via authentic communication

Findings from the Atlassian / PwC 'Return on Action' Report

"This is the first time we've heard a cross-generational voice outline their expectations of business and its role in creating a better world. It's clear the Australian workforce is looking for strong leadership from business on societal issues"

Rosalie Wilkie, PwC Australia Partner, Social Impact

How far is too far?

The range of actions business is expected to take is broad - from changing core company values to investment of time and funds, and public displays of support and / or political alignment.

All generations expected business would change company policies and educate and engage employees. The report found intergenerational alignment in the expectation for business to lobby government to change laws.

Collaboration is key

The majority of employees expect their employers to hold government to account on the big issues, as long as business and government can also work together.

New rules of attraction

A workplace that allows employees to have their say and takes action on important social issues is more attractive to employees.

Communicating and measuring progress is critical to maintaining momentum.

Walk the talk

Most agree their current employer isn't active enough and inaction will drive some workers to leave. By demonstrating leadership and accountability, businesses can harness the energy of new generations.

Best practice organisations proactively build trust and yield positive, long term business outcomes in times of crisis

Selected best practice examples for building trust during COVID-19

	Retail Apparel	Resources	Personal Products
Approach to building trust	<ul style="list-style-type: none"> Company actively seeks to be best practice in their labour standards and thereby win support of industry stakeholders 	<ul style="list-style-type: none"> Company shifted their attitude toward building trust by taking public positions on social issues and investing in capability uplift 	<ul style="list-style-type: none"> Company invests in identifying and developing long term local business partners in their supply chain
Business challenge	<ul style="list-style-type: none"> In 2007, allegations surfaced of child labour in one of their factories Contradictory to expectation, a series of stakeholders (including trade unions) defended them- noting it has undertaken a reasonable stand of due diligence 	<ul style="list-style-type: none"> Faced major bottom line impacts from strike activity, mining bans and proposed taxation reform Long-term socio-political risks were beginning to take effect – such as automation, water scarcity and rising levels of activism 	<ul style="list-style-type: none"> Within the portfolio is an Asian bottled water company The supply chain (both sourcing and distribution) for this bottled water company is performed by local business partners supported by parent
Business Outcome	The company, since 2007, has been able to partially shield themselves to consumer and industry body backlash	Moved from quiet observers to leaders in building trust , alleviating their potential risks	As a result of their locally developed supply chain and subsequent consumer support, it is the number 1 bottled water provider in the country

COVID-19 has been no exception - companies which have looked beyond the bottom line have had remarkable success

Selected examples of building trust during COVID-19

Company	Approach to Building Trust	Outcomes in COVID-19
Qantas	<ul style="list-style-type: none"> • Aims to lead on sustainability with ambitious electricity, water and waste reduction targets¹ • Takes strong positions on public issues which Australians care about, including the 'yes vote' for same sex marriage in 2017² • Worked with large corporates to re-deploy underutilised workers through COVID-19¹ 	<ul style="list-style-type: none"> • Received ~\$800m in government support to ensure continued operation and employment of staff⁵ • While unions have criticised the standing down of workers, the response from Australia has been largely supportive
Woolworths	<ul style="list-style-type: none"> • Sets ambitious CSR targets across people (e.g. 2% of store operations team indigenous), planet (e.g. zero food waste going to landfill) and prosperity (e.g. top quartile ranking in how they deal with suppliers)¹ • Responded to COVID with regular and transparent communications from the CEO, introduction of a dedicated shopping hour for elderly and disabled customers, collaborating with competitors to address supply shortages and with logistics businesses to deliver essential food to sick households¹ 	<ul style="list-style-type: none"> • Received broadly positive media coverage and patience from consumers, despite challenging operating conditions
Telstra	<ul style="list-style-type: none"> • Responded to COVID-19 by placing their job-cutting program on hold for six months, recruiting 1,000 temporary contractors in call-centres, suspending late-payment fees and disconnections for small businesses, bringing forward \$500 million in capital investment associated with their 5G rollout and extending sponsorships agreements for 12 months¹ 	<ul style="list-style-type: none"> • Has effectively built trust with its customers and society by taking a strong and public position early in the crisis
MAIF (French insurer)	<ul style="list-style-type: none"> • Led the market in announcing on 2 April 2020 that it was refunding €100 million to its 2.8 million car insurance customers in response to an observed 75% drop in car accidents during the lockdown³ 	<ul style="list-style-type: none"> • Received positive media coverage and consumer response • Ranked first in insurance for customer relations in France for the 16th year in a row in 2020³
Handelsbanken (Swedish bank)	<ul style="list-style-type: none"> • Proactively reports on six of the UN Sustainable Development Goals (SDG)¹ • Works hard to supports positive outcomes for customers and community. For example, when a medical ventilator manufacturer asked for emergency assistance to support the purchase of parts, advisors worked around the clock to process paperwork in just 7 days and support delivery of ventilators to hospitals in the height of the pandemic³ 	<ul style="list-style-type: none"> • Ranked #1 UK Business Bank for overall service quality (August 2019)⁴ • Has outperformed rivals in Sweden for 48 years in a row³

Sources: 1) Company website; 2) AFR 'Corporate Australia mobilises to join fierce same-sex marriage campaign', August 2017; 3) Strategy + Business 'A lesson in creating successful companies that care', July 2020; 4) UK Consumer and Markets Authority - Business Banking Service Quality, August 2019; 5) AFR 'Qantas feels the burn despite \$800m in funding', July 2020

How is your organisation building trust?

Focusing questions

1

Do you have an understanding of all your stakeholders and their needs?

(Customers, employees, the community and government, investors and suppliers)

2

What actions are you taking to build trust and and make a difference for each stakeholder group?

3

Do you have the right infrastructure in place to communicate the impact you are having to your stakeholders?

4

How can you use your influence as a leader to hold yourself and others to account on important societal issues?

5

Do your organisational KPIs encourage employees to build trust with stakeholders?

How will you build trust to be *Fit for Recovery?*



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Thank you

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